

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038658501**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Drexel Hamilton, LLC (BD No. 143570) ("Drexel" or "Firm"), Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Drexel alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Drexel hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Drexel has been a FINRA member since September 26, 2007. The Firm's main office is in Philadelphia, Pennsylvania.

RELEVANT DISCIPLINARY HISTORY

Drexel has no relevant disciplinary history with the Securities and Exchange Commission, any state securities agency, or any self-regulatory agency.

OVERVIEW

In December 2011, Drexel determined that four Managing Directors should become licensed as General Securities Principals in light of their supervisory functions and/or titles within the Firm. Nonetheless, Drexel permitted these four individuals to retain the Managing Director title and/or to continue to act in a supervisory and/or managerial capacity without the required licenses, in violation of NASD Membership and Registration Rule 1021 ("NASD Rule 1021") and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

From at least December 2011 through November 2014, Drexel employed four individuals who held the title of "Managing Director" but who were not licensed as General Securities Principals (collectively, the "Unlicensed MDs"). Three of the four Unlicensed MDs functioned as department heads. All of Drexel's other Managing Directors hold a Series 24 license or the equivalent.

In December 2011, the Firm's chief compliance officer ("CCO") sent a year-end letter to Drexel's chief executive officer ("CEO") identifying "several employees who are not properly licensed for the positions they hold or job functions they perform within the organization," including the four Unlicensed MDs. She listed this as her primary "compliance concern[]" that must be addressed" in 2012. In her year-end 2012 and 2013 compliance letters to the CEO, the CCO noted that these four employees continued to be "improperly licensed." The CCO also sent repeated emails to the four Unlicensed MDs beginning in December 2011 and continuing through at least 2013, urging them to obtain a Series 24 license and facilitating their efforts to do so by providing study materials and opening examination windows. Notwithstanding these efforts, each of the Unlicensed MDs has sat for the Series 24 examination only once apiece since December 2011, and none has passed.

Despite identifying the need for these Unlicensed MDs to become licensed as General Securities Principals as the Firm's primary compliance concern in year-end reviews beginning in December 2011, Drexel has permitted these four individuals to retain the Managing Director title and/or to continue to act in a supervisory and/or managerial capacity without the required licenses, in violation of NASD Rule 1021 and FINRA Rule 2010.

B. Drexel also consents to the imposition of the following sanctions:

- a censure;
- a fine in the amount of \$40,000.

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The Firm has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Drexel specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Drexel specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Drexel further specifically and voluntarily waives any right to claim that a person violated the *ex parte* prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Drexel understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and

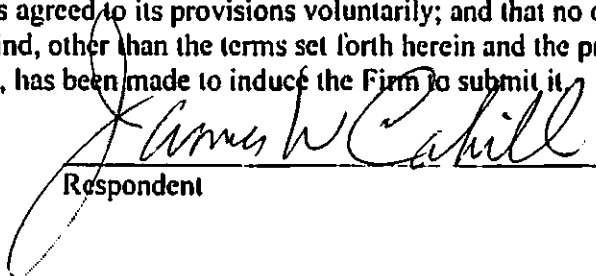
C. If accepted:

1. this AWC will become part of Drexel's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the Firm;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the Firm's disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. The Firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Drexel may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Drexel may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Drexel has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

12/16/2014
Date (mm/dd/yyyy)


Respondent

By: JAMES W. CAHILL

Reviewed by:

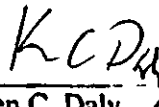


Lee A. Schneider
Counsel for Respondent
DEBEVOISE & PLIMPTON
919 Third Avenue
New York, NY 10022
212-909-6973

Accepted by FINRA:

December 23, 2014
Date

Signed on behalf of the
Director of ODA, by delegated authority



Karen C. Daly
Principal Regional Counsel
FINRA Department of Enforcement
1835 Market Street
Philadelphia, PA 19103
215-963-1990 (telephone)
215-496-0434 (facsimile)